

POLICY NAME:			
<b>Effective Date</b>	March 26, 2026	<b>Policy Type</b>	Administrative
<b>Responsibility</b>	Vice-President, Finance and Administration	<b>Related Policies</b>	
<b>Approval Authority</b>	Board of Governors	<b>Review Schedule</b>	Every 5 years

## 1. Policy Statement

- 1.1. Northwestern Polytechnic (“NWP” or Institution”) is committed to creating and maintaining an Institutional Enterprise Risk Management program. The institution is focused on properly managing its risks while pursuing opportunities to enhance the value of the Institution.

## 2. Scope

- 2.1. This policy applies to all activities of the Institution, including academic, research, administration, and support activities.

## 3. Reason for Policy

- 3.1. This policy assist decision making processes that support the acceptance of risk, management of existing uncertainty and the approach to new opportunities. This Policy is a statement of commitment by the Institution to ensure the introduction, adoption, and implementation of an effective ERM program.
- 3.2. ERM activities form an integral part of the Institution’s objective setting process. It supports and improves the decision-making, planning, and prioritization processes to ensure appropriate action is undertaken to continually address risks.
- 3.3. ERM enhances NWP’s ability to achieve its mission and vision and improves the allocation of resources across the Institution.

## 4. Definitions

- 4.1. “Audit Committee” means the audit committee of the Board.
- 4.2. “Board” means the Board of Governors of the Northwestern Polytechnic.
- 4.3. “Enterprise Risk Management” is the coordinated activities to direct and control an organization with regard to risk.
- 4.4. “Risk Management Advisory Committee” means the committee composed of Core Leadership Team members and others whose purpose is to provide guidance on matters relating to Institutional Enterprise Risk Management.
- 4.5. “Enterprise Risk Management Guidelines” is a set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing, and continually improving risk management throughout the Institution.
- 4.6. “Risk” is the effect of uncertainty on goals. An effect is a deviation from the expected, either positive or negative.

## 5. The Policy

- 5.1. NWP’s overall ERM Program are based upon the International Organization for Standardization (“ISO”) 31000 Risk Management – Principles and Guidelines and the supporting ISO Guide 73 Risk Management – Vocabulary.
- 5.2. A formal, continual process will be established for identifying, assessing, managing, and communicating emerging and existing risks that may positively or negatively impact the achievement of the Institution’s strategic goals in alignment with the risk appetite of the Institution.
- 5.3. The Institution has implemented Enterprise Risk Management (“ERM”) Guidelines to guide the identification, assessment, treatment, monitoring and reporting of risks across the Institution. While the Institution’s focus is to ensure ERM is formally established at the strategic, enterprise-wide level; the concepts contained within this Policy and the ERM Guidelines may be applied to all business units or any stage in the life of a policy, process, project, or activity; in initial planning; and in the evaluation of options.

### 5.4. Roles and Responsibilities

STAKEHOLDER	RESPONSIBILITIES
<b>Board of Governors</b>	The Board of Governors approves and supports Enterprise Risk Management (“ERM”) by providing the risk management philosophy direction and understanding the Institution’s most significant risks.
<b>NWP Audit Committee</b>	Provides oversight and guidance to the enterprise risk management function and fulfills responsibilities listed in the committee’s Terms of Reference.
<b>President &amp; CEO</b>	Ensure a robust environment which facilitates sound and prudent risk taking and risk managing activities and: <ul style="list-style-type: none"> <li>• Understands NWP’s most significant risks and ensure these risks are being monitored and mitigated as necessary.</li> <li>• Provide risk reporting to the Board of Governors related to the Institution’s most significant risks.</li> <li>• Ensures risks are fully considered in the development of long-term strategies and plans for NWP.</li> </ul>
<b>Vice-President, Finance and Administration</b>	The Vice-President, Finance and Administration has overall ownership of the ERM process and is responsible for developing, coordinating and facilitating implementation of the ERM Guidelines.
<b>Manager, Enterprise Risk</b>	The Office of Enterprise Risk Management assists the Vice-President, Finance and Administration with the development and roll-out of the ERM process, and fulfills responsibilities listed in the ERM Guidelines.
<b>Risk Management Advisory Committee</b>	Fulfills responsibilities listed in the ERM Guidelines.
<b>Institution Employees</b>	Responsible for managing risk as part of their daily responsibilities.

5.5 No exceptions are permitted to this policy.

## 6. Revision history

- 6.1. Reviewed: October 20, 2022.
- 6.2. Reviewed and minor edits: March 26, 2026.

# ENTERPRISE RISK MANAGEMENT GUIDELINES

## 1. Introduction

1.1. These ERM Guidelines and NWP’s overall ERM Program are based upon the International Organization for Standardization (“ISO”) 31000 Risk Management – Principles and Guidelines and the supporting ISO Guide 73 Risk Management – Vocabulary.

1.2. An effective ERM Program provides the following benefits:

1.2.1. Greater confidence in achieving planned strategic or operational goals by applying risk management processes to identify and manage risks relative to the respective goals at all levels of the Institution.

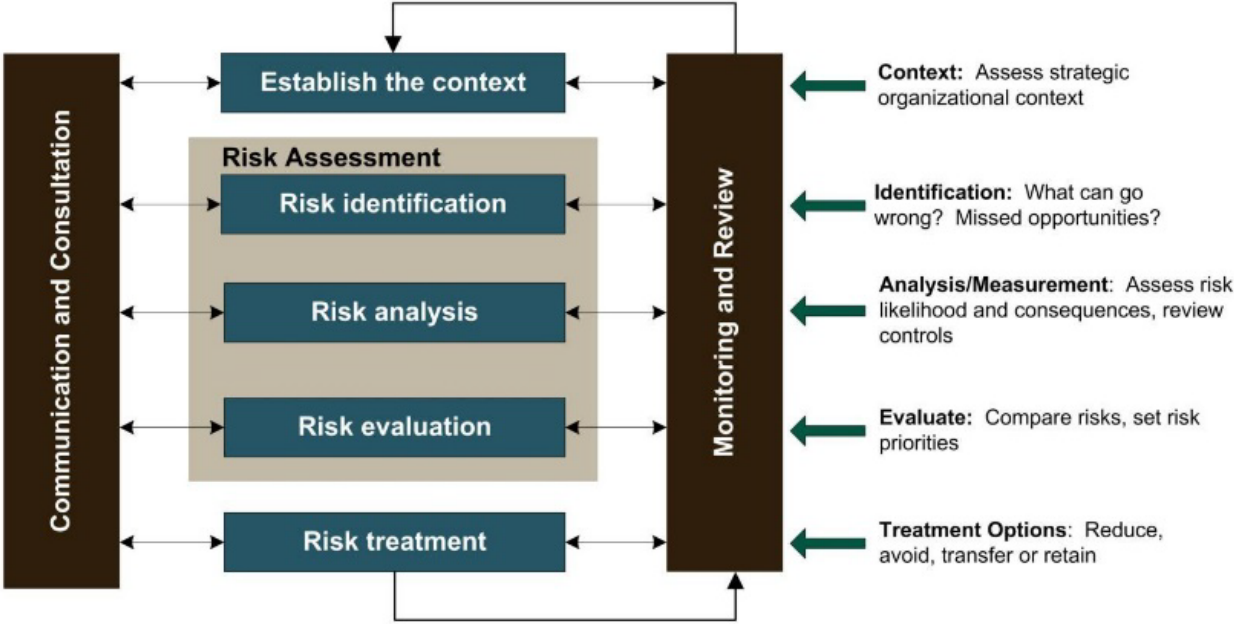
1.2.2. Optimized resource allocation such that risks are prioritized and resources are allocated to mitigate those risks based on this prioritization.

1.2.3. Recognized synergies and interdependencies between risks, business decisions and their financial implications.

1.2.4. Assists the Institution in attaining its goals by mitigating what may otherwise have been pitfalls and surprises along the way, while also identifying opportunities that NWP may realize.

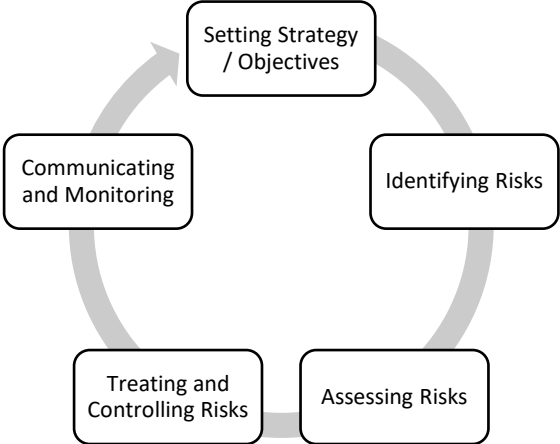
## 2. Process of Managing Risk

2.1. The risk management process is a structured approach for incorporating risk management into broader management practices of NWP. While these Guidelines contain common tools and language with respect to risk management, the approach taken and the specific methods used to apply these principles will vary somewhat across business / operating units and with the type of activity.



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### 3. Establishing the Context

3.1. NWP’s unique environment must be adequately understood and defined if the subsequent steps of the risk management process are to be effective. Establishing the Context includes developing an understanding of the Institution’s internal and external environment, the purpose of the risk management initiative, key internal and external interfaces / relationships, as well as the structure of the risk analysis to be undertaken. In doing so, NWP is able to more effectively define the parameters within which risks will be managed and determine the scope for the risk management process.

3.2. This first steps to understand the internal and external context includes:

3.2.1. Determining the purpose and defining the overall governance, roles and accountabilities for the overall ERM Program.

3.2.2. Establishing the methodology adopted by NWP to guide the risk assessment process, including the tools / templates that will be used to guide the process.

3.2.3. Analyzing the environment and identifying key stakeholders.

3.2.4. Identifying the goals upon which to base the risk management initiative (e.g. strategic, business unit, project, etc.).

3.2.5. Determining the relationships that may impact the management of risks.

3.2.6. Identifying performance measures / indicators.

3.2.7. Understanding the internal environment by collecting documentation related to strategic planning, organizational structure, financial statements and existing risk management practices (e.g. health and safety programs, management of information technology risks, insurance, etc.) in order to better understand the Institution, its operating environment, as well as potential challenges / opportunities.

3.2.8. Establishing risk criteria conveying the level of risk NWP is prepared to accept.

3.2.9. Defining roles, scope, timeline, and success criteria for the risk management initiative being undertaken (e.g. strategic risk assessment, project risk assessment, etc.).

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- 3.3. NWP keeps abreast of legal, regulatory, financial, technological, economic, and competitive changes in its external environment through a number of mechanisms, which may include, but are certainly not limited to the following:
  - 3.3.1. Networking: Regular meetings / discussions with other professionals in our local region, professional associations, and the provincial government.
  - 3.3.2. Education: Acquiring professional development and attending Conferences and workshops both locally, provincially and internationally which provide ways to discover changes in the external environment. In addition, webcasts and podcasts often provide, teaching and learning opportunities to also keep abreast of trends in the external environment.
  - 3.3.3. Reading: Through technological news resources, provincial and federal publications.
  - 3.3.4. Government Monitoring: Paying attention to government items of significance.
- 3.4. Broader stakeholders may be engaged including student bodies, government entities, and other PSIs to identify and mitigate risk. NWP is to be cognizant that risks external stakeholders identify may not align with NWP's strategic directives.
- 3.5. In preparing for a risk assessment, information should be obtained to better understand the Institution (or business unit / policy / process / project / activity) against which the risk assessment is being conducted. In preparing for the Strategic Risk Assessment, documents reviewed should include but not be limited to the following: Investment Management Agreement, financial reports, NWP's Annual Report, briefing note and business case risk sections, NWP's Strategic Plan, NWP's Master Academic Plan, etc.
- 3.6. Risk Appetite reflects NWP's risk management philosophy, and in turn has an influence on both the culture and operations of the Institution. Risk appetite is an important, forward-looking perspective because it:
  - 3.6.1. Serves as a guide to the Institution when determining how much risk is acceptable
  - 3.6.2. Is used as a benchmark during the strategy and goal setting process.
- 3.7. As a post-secondary institution largely relying on Government funding, strategies and risks need to be well balanced in order for the Institution to be transparent and accountable to a wide variety of stakeholders for the way in which funds are spent. As a result of this, the Institution is not able to aggressively pursue risks in return for potential additional rewards. Accordingly, the Institution characterizes its risk appetite as "somewhat risk averse".
- 3.8. Being somewhat risk averse, does not mean NWP does not and will not take risk; rather, through the implementation of ERM, the Institution will better manage risks, while continuing to proactively and pragmatically seek out opportunities to exploit risks that are within its risk appetite. By formally establishing its risk appetite as somewhat risk averse, NWP is able to convey the level of risk it is prepared to accept and criteria for deciding when risk is not tolerable. Risk criteria for defining when risk is tolerable are further described in Risk Evaluation as demonstrated through the Risk Matrix in 6.4.

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### 4. Risk Identification

- 4.1. The Institution will complete comprehensive risk identification both outside of and in conjunction with its strategic planning process to identify key risks that may impede it from achieving each of its strategic objectives. This will be achieved through one-on-one risk identification review and sign-off. Using these risks, the Institution will then continue through the following steps of risk assessment, risk mitigation and control, as well as monitoring and reporting of the risks. This step requires the identification of risks which arise not only from the external environment but also from internal sources. As unidentified risks can pose a major threat to the achievement of the goals of NWP (or the business unit / policy / process / project / activity), it is important to ensure that the full range of risks is identified, including distinguishing between events that represent risks, those representing opportunities and those that may be both. This is because events with a negative impact require management's assessment and risk response whereas those with a positive impact are channeled back to management's strategy or goal-setting processes.
- 4.2. By aligning the risk discussion with the strategic goals / plan of the Institution, NWP is able to ensure that the risk identification process effectively determines the risks that are pervasive and critical to NWP's success and its ability to continue growing institutional value.
- 4.3. Risks are identified through the following activities:
  - 4.3.1. Formal risk identification conducted during identification (e.g. workshop sessions, interviews, briefing notes risk sections, etc.).
  - 4.3.2. Risks identified during regular reporting from business units.
  - 4.3.3. At any time by any individual within NWP using the escalation process outlined in the monitoring and review stage in 9.0 of these Guidelines.
- 4.4. Risks will be documented subsequent to the identification process which enables NWP to:
  - 4.4.1. Develop a portfolio view of risks categorized by common elements (e.g., by strategic goal, business unit, project, process, etc.). This is referred to as a risk register and will form the basis of the subsequent risk analysis shown in Appendix 1.
  - 4.4.2. Ensure that risk identification efforts are comprehensive and avoid duplication.
  - 4.4.3. Facilitate a common management reporting structure and approach.
- 4.5. As NWP's environment changes over time, it is critical to have processes in place to continuously monitor and review the completeness and accuracy of NWP's risk register. Monitoring and identifying new risks on an ongoing basis is important to ensure that the risk register is kept current. Once a new risk is identified by an employee, it is their responsibility to escalate this information to their immediate supervisor or Director who is responsible for documenting and escalating the risk as required. For more information, please refer to the escalation process outlined in 9.3.
- 4.6. In addition to risks outside of planned initiatives, policy / process / project / activity risk assessments should be conducted as new initiatives that are undertaken and regularly updated over the life of the policy / process / project / activity either annually or as the initiative changes (e.g. from planning to construction / maintenance of a capital addition, etc.).

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**5. Risk Analysis**

- 5.1. The risk analysis process provides a standard and consistent approach to understanding the likelihood and consequence of potential risks to the Institution. During this process, risks with an adverse potential impact to the Institution’s strategic and operational plans should be examined across the institution as a whole and should be assessed from two perspectives – likelihood of occurrence and the consequence should the risk occur. In addition, the risks should also be evaluated in the absence of controls (i.e. inherent risk) and in consideration of the controls that are in place (i.e. residual risk).
- 5.2. Evaluating both the inherent and residual risks will serve either to demonstrate the importance of existing controls and will justify their continuation, or to identify those controls which are no longer necessary or cost-effective. This also identifies the significance of risks should the controls fail.
- 5.3. In order to evaluate residual risks, NWP must identify those controls that have been implemented to mitigate or manage the particular risk under consideration. It is important to ensure only existing (not planned) controls are identified so as to provide an accurate reflection of NWP’s current risk environment.
- 5.4. In order to “quantify” risk for NWP, it is necessary to assign a numerical value to both the “Likelihood” and the “Consequence” based on the following five tier scale:

LIKELIHOOD RATINGS	CONSEQUENCE RATINGS
5. Almost Certain	5. Extreme
4. Likely	4. Major
3. Moderate	3. Moderate
2. Unlikely	2. Minor
1. Rare	1. Insignificant

*Table 1: Likelihood and Consequence ratings*

- 5.5. Activities Include:
  - 5.5.1. Identify the controls that are currently designed to mitigate the risk and document these in the risk register included in Appendix 1.
  - 5.5.2. Assess the consequence and likelihood of the risks using the consequence / likelihood rating descriptors included in Appendix 2 by:
    - 5.5.2.1. For each of the risks identified, rating all the risks as to the likelihood of the risk occurring.
    - 5.5.2.2. For each of the risks identified, rating all the risks as to the consequence should the risk occur.
    - 5.5.2.3. Completing the likelihood and consequence ratings first for inherent risks (without controls) and then repeating these steps taking into account current controls (residual risks).

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5.5.3. Document the likelihood and consequence scores for both the inherent and residual risk assessments using the risk register (template provided in Appendix 1).

### 6. Risk Evaluation

- 6.1. In order to understand the relative priority of each risk, an overall inherent and residual risk rating must be calculated and assessed against pre-established criteria (i.e. Risk Matrix and Legend for Risk Ratings Tables below). The overall inherent and residual risk ratings are achieved by multiplying “likelihood” and “consequence”.
- 6.2. Once the overall inherent and residual risk ratings have been determined, this Risk Evaluation step involves:
- 6.2.1. Comparing the estimated level of risk (i.e. inherent or residual risk score) against the Risk Matrix and Legend for Risk Ratings and determining the overall risk rating (i.e. extreme, high, moderate or low).
- 6.2.2. Refining the ranking (if necessary) to reflect management priorities.
- 6.3. This final residual risk rating is then used in the following step (i.e. Risk Treatment) to determine whether management action should be taken to further mitigate the risk.
- 6.4. The Risk Matrix and corresponding Legend for Risk Ratings, which can both be found below, illustrate that any risks ranked as extreme or high (i.e. orange or red risks; risks with a final rating of 8 or greater) require a more immediate management response. If the level of risk established is moderate or low (i.e. yellow or green risks; risks with a residual risk rating under 8), then the risk may be tolerable and additional mitigation plans may not be required.

LIKELIHOOD	CONSEQUENCE				
	1. Insignificant	2. Minor	3. Moderate	4. Major	5. Extreme
5. Almost Certain	5	10	15	20	25
4. Likely	4	8	12	16	20
3. Moderate	3	6	9	12	15
2. Unlikely	2	4	6	8	10
1. Rare	1	2	3	4	5

Table 2: Risk Matrix





RISK RATING			GUIDANCE FOR DETERMINING RISK RESPONSE
1 – 3		Low Risk	Manage by routine procedures and operations
4 – 7		Moderate Risk	Manage by specific monitoring or response procedures
8 – 14		High Risk	Management responsibility should be specified & appropriate actions taken within 12 months
15 – 25		Extreme Risk	Immediate action (i.e. within six months) required with Senior Management / Executives involved

Table 3: Legend for Risk Ratings

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6.5. The above legend for risk ratings provides guidance to NWP in determining its risk response as based on the residual risk assessment rating. It is important to note that the above Risk Matrix also reflects NWP's risk appetite which is demonstrated by the coloring of each of the cells in the matrix. Given that NWP's risk appetite can be described as "somewhat risk averse", the Risk Matrix and Legend reflect this by assigning a larger portion of the matrix cells as either a high or extreme risk as compared with the Risk Matrix of a "risk taking" organization.

6.6. Activities Include:

6.6.1. Calculate the overall risk rating for both inherent and residual risk using the likelihood and consequence scores determined in the previous step (i.e. Risk Analysis).

6.6.2. Evaluate the overall residual risk rating against the Risk Matrix and Legend of Risk Ratings to prioritize the risks as extreme, high, moderate or low.

6.6.3. Document the risk analysis (inherent and residual risk ratings) using the risk register (template provided in Appendix 1).

6.6.4. Share the risk analysis results as captured in the risk register and complete a final validation with Executive Team (or the appropriate business unit, etc.) of the risks assessments / prioritization and their relative risk ratings.

### **7. Risk Treatment**

7.1. Having evaluated the residual risk level of each risk, NWP will develop formal risk treatments for any risks exceeding the risk appetite of the Institution. In other words, if the risk is at an acceptable amount the selection of a formal risk response is not required. Risk treatments may include one or more of the following options:

7.1.1. Avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk.

7.1.2. Taking / increasing risk in order to pursue an opportunity.

7.1.3. Removing the risk source.

7.1.4. Changing the likelihood.

7.1.5. Changing the consequence.

7.1.6. Sharing the risk with another party or parties.

7.1.7. Retaining the risk by informed decision.

7.2. In evaluating risks for further action, NWP should take into account the degree of control the Institution has over each risk, the cost impact, benefits and opportunities presented by the risks, as well as the importance of the business unit / policy / process / project / activity to the Institution as a whole. Also, the potential consequences borne by other stakeholders affected by the risk should be considered and as such, NWP may determine it appropriate to inform these stakeholders of such risks. It should be kept in mind that, as with all other aspects of risk management, this step is not static and as such, the specific risk priorities will change over time as certain risks are addressed and relative importance changes.

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- 7.3. It is not the intent in all cases to minimize, avoid or remove all risks that are identified; rather it is the intent that NWP understand the significant risks that may negatively impact strategic and business goals and, where appropriate, establish plans to address them.
- 7.4. Any residual risks scoring 8-14 will require the identification and development of a risk treatment / action plan in the risk register. Documentation of these plans will be specific (e.g. what exactly is being done to minimize the risk) along with a clear risk treatment strategy listed (avoid, increase, remove, retain, transfer, etc.).
- 7.5. Reasons for retaining the risk at this stage include:
  - 7.5.1. Likelihood and / or consequence of risk being so low that specific mitigation plans are not required.
  - 7.5.2. The risk being such that there is no mitigation plan available.
  - 7.5.3. The cost of the mitigation plan exceeding the expected benefits.
  - 7.5.4. The risk being driven by an external event and therefore outside of the control of NWP.
- 7.6. Where risks which would otherwise be considered unacceptable under Risk Evaluation are retained, the decision and rationale should be carefully documented and approved by the Executive Team (or appropriate business unit, etc.).
- 7.7. Risk mitigation involves identifying the range of options for responding to risk, assessing those options, preparing risk mitigation plans and implementing them. A risk treatment / action plan is comprised of one or more risk mitigation strategies to reduce the residual risk to an acceptable level of risk within NWP's risk appetite. In some instances, a single risk mitigation strategy may address multiple risks while in other circumstances multiple risk mitigation strategies will be required to mitigate one risk.
- 7.8. Risk mitigation strategies may require a policy to be established along with the implementation of new or enhanced procedures.



- 7.9. Responsibility for mitigation of risk should be assigned. The successful implementation of the risk treatment / action plan requires an effective management system which specifies methods chosen, assigns responsibilities and accountabilities for actions, and monitors them against specified criteria.
- 7.10. Any residual risks scoring 15-25 will require the identification and development of a Detailed Risk Response Plan (Appendix 3) by the Risk Management Advisory Committee. The Detailed Risk Response Plan will be reviewed, acknowledged and signed-off by the Vice-President Administration.

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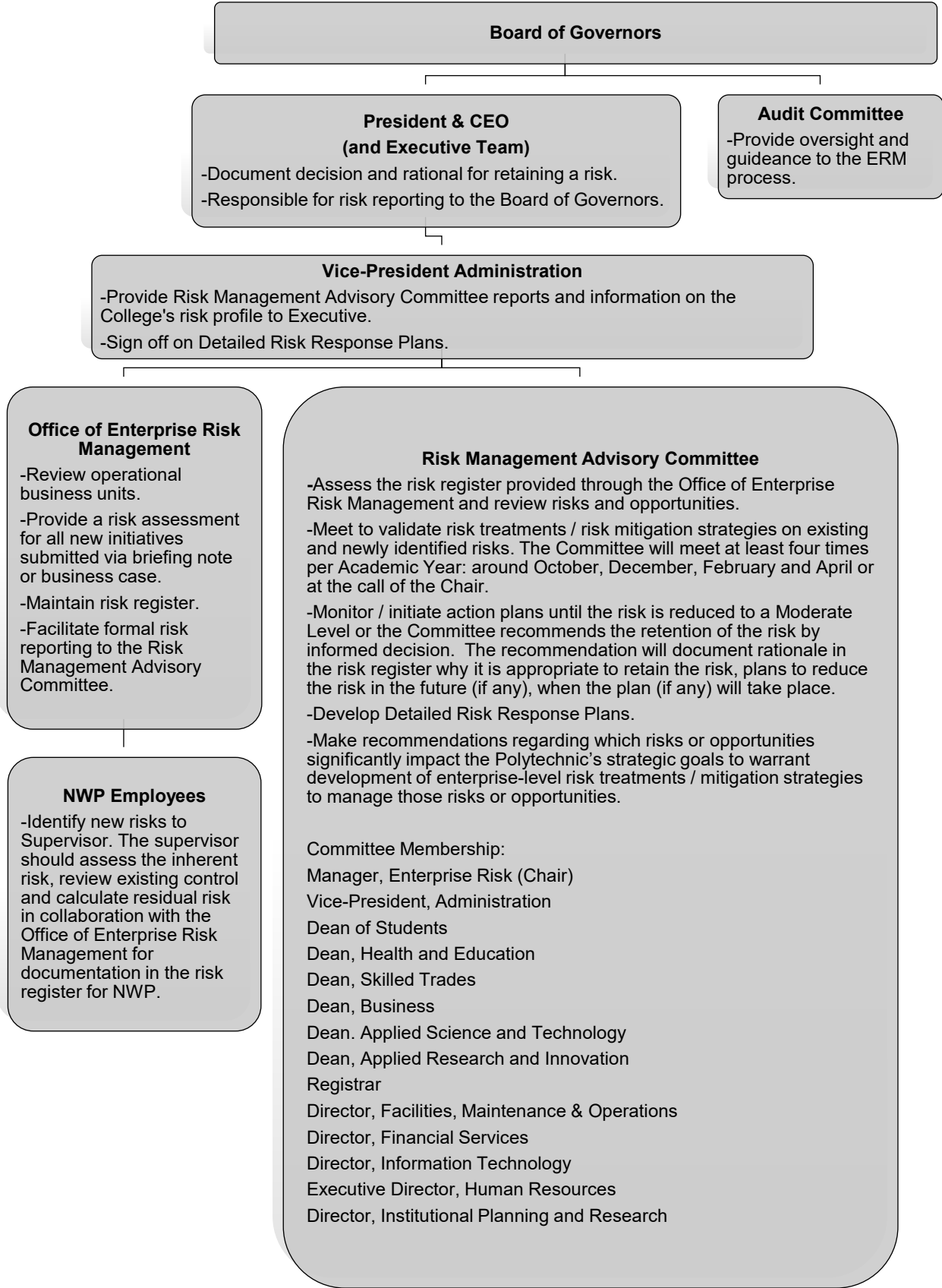
### **8. NWP Audit Committee**

- 8.1. Assist the Board in fulfilling its oversight responsibilities and is accountable to the Board. The Committee monitors, evaluates, advises or makes recommendations on matters affecting the Institute's risk management activities through oversight as outlined in the Committee's Terms of Reference.

### **9. Risk Management Advisory Committee**

- 9.1. The Risk Management Advisory Committee validates the risk register provided through the Office of Enterprise Risk Management and reviews risks and opportunities for consideration by the Executive Team.
- 9.2. The Committee will oversee risk management by approving processes, procedures and tools for the identification, assessment, measurement, management and monitoring of Institution-wide risks.
- 9.3. Acting as subject matter experts, they will participate in education, training, communication, engagement, and awareness building of ERM at NWP.
- 9.4. The Committee will facilitate the development of processes to support reporting protocols and escalation of risks.
- 9.5. Report to Executive Team on the Institution's risk profile.
- 9.6. Making recommendations to the Executive Team regarding which risks or opportunities significantly impact the Institution's strategic goals to warrant development of enterprise-level risk treatments / mitigation strategies to manage those risks or opportunities.
- 9.7. Review the NWP Enterprise Risk Management Policy, and the Enterprise Risk Management Guidelines annually and assess for any edits / updates

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## 10. Monitoring and Review

10.1. Monitoring and review is a process that assesses the effectiveness of NWP's ERM Program over a period of time. Well-crafted ERM Guidelines are only as effective as the dedication of NWP employees who adhere to the ERM principles and incorporate them into their daily decision making processes. Monitoring and review mechanisms should help to:

10.1.1. Ensure the consistent application of the ERM Guidelines across NWP.

10.1.2. Ensure the effectiveness of the ERM Program.

10.1.3. Identify weaknesses / enhancements within the ERM Program and develop corrective action plans.

10.2. The process for monitoring NWP's ERM Program takes three distinct forms, which are further detailed below.

10.2.1. Regular Risk Reporting: Reports on emerging / new and existing risks, as well as the respective mitigation strategies are provided to the Executive Team and the Board at least four times per year.

10.2.2. On-going Risk Management Monitoring Activities: On-going monitoring activities are built into the normal recurring operating activities across NWP. Employees are responsible for identifying and escalating potential ERM Program weaknesses or enhancements.

10.2.3. Independent Risk Management Evaluations: An independent party should evaluate the risk management process to provide an impartial appraisal as to the effectiveness of the ERM Program.

10.3. Risk Escalation Process:

10.3.1. During the course of day- to-day business, new risks may be identified which could negatively impact the achievement of NWP's goals. These risks must be assessed and, where necessary, response strategies developed. As NWP employees identify new risks, they should be brought to the attention of their immediate supervisor or the VP, Dean, Director or Department Head of the respective business / operating unit of NWP. Using the guidance provided in Risk Analysis and Risk Evaluation, the supervisor, VP, Dean, Director or Department Head should assess the inherent risk, review existing control and calculate residual risk all of which should be provided to the Office of Enterprise Risk Management for documentation in the risk register for NWP.

10.3.2. If the residual risk is deemed extreme or high, an appropriate risk treatment strategy should be selected by the Risk Management Advisory Committee. For key risks with a residual risk rating of extreme or high and for which a risk treatment strategy was selected an appropriate risk mitigation strategy should be developed (if benefits exceed the cost associated with implementing the plan). These extreme or high risks should then be escalated, where appropriate, to the Executive Team, outside of the regular annual review process. Management should also document any risks that are deemed moderate or low using the risk register; however, these risks may then be monitored as part of the annual review process and do not warrant more timely escalation.

10.4. Activities Include:

10.4.1. Performance of risk assessments on an annual basis and updating NWP's risk register to facilitate risk reporting.

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10.4.2. Reporting and validation of risks, along with the implementation status of risk mitigation strategies.

10.4.3. Monitoring the results of annual risk assessments, including validating risks and assessing the adequacy of existing risk treatment and mitigation strategies.

10.4.4. As part of daily operations, assessing day-to-day operations and potential risks, including escalating these exposures where appropriate.

### **11. Communication and Consultation**

11.1. Pertinent information and effective communication are key components to successfully implementing an ERM Program and necessary to increase the awareness of risk throughout NWP. Risk reporting, as outlined in the previous section (i.e. Monitoring and Review) is essential to ensuring that key stakeholders are kept abreast of the significant risks and the actions resulting from risk management activities. In doing so, management and employees are better able to make informed decisions relative to risks and better support the achievement of NWP's goals. However, risk reporting is only part of the ongoing communication and consultation that supports the implementation of an effective ERM Program.

11.2. In addition to risk reporting, various mechanisms, such as awareness campaigns or training / education sessions, should be developed to ensure that ERM communication is effective and reaches every employee throughout NWP.

11.3. Communication of the ERM Program: As part of the information and communication processes supporting risk management, all personnel should receive a clear message from the President and Executive Team that risk management responsibilities must be taken seriously and are an obligation of all employees within the Institution. The top-down communication of risk management sets the overall tone across NWP regarding the importance and value driven by ERM. The appropriate "tone at the top" increases risk management awareness at all levels and helps to ensure that employees understand the overall role of risk management within NWP. Formal support for this initiative will be provided by the Executive Team, VP Finance and Administration, and Office of Enterprise Risk Management.



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## Appendix 2 – Likelihood and Consequences Rating Tables

### 1. Risk Likelihood Rating

1.1. Some events happen once in a lifetime. Others can happen almost every day. Analyzing risks requires an assessment of their frequency of occurrence. The following table provides an example of broad descriptions to support likelihood ratings.

LIKELIHOOD RATING	DESCRIPTION	LIKELIHOOD OF OCCURRENCE
5	Almost certain	The event is expected to occur in most circumstances, say more than once a year.
4	Likely	The event will probably occur in most circumstances, say once a year.
3	Moderate	The event might occur at some time, at least once in 5 years.
2	Unlikely	The event could occur at some time, say once in 10 years.
1	Rare	Event may occur only in exceptional circumstances, say once every 15 years.

*Table 4: Likelihood Ratings*

### 2. Risk Consequence Ratings

2.1. Impacts or consequences can be described in a number of ways. To ensure that all dimensions are considered, a risk for NWP can have consequences in terms of, amongst others, the following;

2.1.1. Dollar Cost.

2.1.2. Human Impact.

2.1.3. Interruption to Business.

2.1.4. Damage to Reputation and Image.

2.2. Each consequence can be rated in terms of its severity from extreme to insignificant. Examples are outlined in the table below:

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Rating	Description	Financial	Staff Retention	Business Interruption	Reputation & Image	Education / Research
<b>5</b>	<b>Extreme</b>	Above \$1.5 million	Critical impact to staff, frustration, inconvenience. Significant resignations. Rightsizing staff levels. Absenteeism affecting productivity. Visible disengagement. Considerable misalignment of talent to required skills. Most staff impacted.	Major shift impact on business strategy. Long term and widespread impact on business development. Major and long-term threat to the business from competition. Extreme and widespread system failure. Major failure in project delivery expectations. Extreme and widespread service disruption due to the absence of appropriate IT or data systems. Major breach in information management and/or privacy. Extreme and widespread disruption due to the absence of appropriate infrastructure e.g., capital equipment, building systems, general equipment. Extreme or widespread damage to the environment.	Viability of organization is in question.	Termination of accreditation from accreditation agency or termination of funding from granting agencies because of serious and continuing non-compliance.
<b>4</b>	<b>Major</b>	Between \$1 million and \$1.5 million	Significant impact to staff, frustration, inconvenience. Absenteeism noticeable. Challenges with engaging employees. Misalignment of talent to required skills. Loss of President & CEO. Major number of staff impacted.	Some shift on business development strategy. Significant and/or long-term effect from competitors. Significant system failure or significant project delivery failure. Service disruption across significant areas or services due to lack of appropriate IT. Significant breach in information management and/or privacy. Service disruption across significant areas or services due to the lack of appropriate infrastructure as above. Significant damage to the environment.	National media / public inquiry	Placed on probation by accrediting agency or assigned penalties by compliance agency.
<b>3</b>	<b>Moderate</b>	Between \$500,000 and \$1 million	Moderate number of staff impacted by frustration, inconvenience. Short term impact to productivity, turnover, or absenteeism.	Some shift on business development strategy. Some impact from competitors. Ongoing system failure or threat to failure in project delivery. Localized or short-term threat to timely and effective IT service delivery; some ongoing IT threat to staff or students. Localized or short-term threat to timely and effective service delivery; some ongoing threat to staff or students and/or the environment.	Independent review / widespread media	Failure to meet one or more accreditation standard or compliance requirement that might trigger a letter of warning.
<b>2</b>	<b>Minor</b>	Between \$250,000 and \$500,000	Slight impact to staff or change in productivity, turnover or absenteeism, frustration/inconvenience. Limited staff impacted.	Minimal impact on business development. Some threat to systems and/or delivery of projects. Some threat to timely and effective delivery of IT services; minimal impact on staff or students. Some threat to timely delivery of services. Little impact on staff, students, or the environment.	Local criticism only	Weakness in meeting one or more accreditation standard or non-continuing non-compliance with requirements.
<b>1</b>	<b>Insignificant</b>	Less than \$250,000	Very little to no impact to staff or change in productivity, turnover, or absenteeism. Very few staff impacted.	Little or no impact on business development. Minimal threat to systems and/or delivery of projects. Minimal threat to timely and effective delivery of IT services. Little or no impact on staff or students. Minimal threat to timely and effective delivery of services. Little or no impact on staff or students or the environment.	Resolved in day-to-day management	Little or no effect

Table 5: Consequence Ratings

# ENTERPRISE RISK MANAGEMENT GUIDELINES

## Appendix 3 – Detailed Risk Response Plan

Section 1: Risk Identification							
Strategic Goal Alignment							
Description of Risk							
Risk Factors							
▪							
Risk Consequences							
▪							
Existing Mitigating Strategies							
▪							
RISK RATING	INHERENT RISK			RESIDUAL RISK			RESIDUAL RISK TREND
	Likelihood	Consequence	Risk Level	Likelihood	Consequence	Risk Level	
Section 2: Risk Mitigation							
RISK TREATMENT:							
Possible Mitigation Options						Analysis Result (Accept/ Reject)	
RISK MITIGATION STRATEGIES							
Action Items			Action By		Timeline		
Resource Requirements:							
Reporting and Monitoring Required:							
Section 3: Completion of Successful Risk Mitigation Reduction							
NEW RESIDUAL RISK:							
Likelihood:			Consequence:			Risk Level:	
Completed By:						Date:	